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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

MANUALLY FILED
MAY 6 1992
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FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-13324

JUDICATE, INC.
(Exact name of registrant as specified in its charter)

Delaware	23-2257354
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1500 Walnut Street, Suite 1300, Philadelphia, PA 19102
(Address of principal executive offices) (Zip Code)

(215) 546-6200
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

As of May 1, 1992, the Registrant had 14,653,710 shares of Common Stock, $.0001 par value, outstanding.

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JUDICATE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

JUDICATE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Unaudited)
Current assets:		
Cash and cash equivalents	$ 576,593	$ 610,254
Receivables, trade and other, net of allowance for doubtful accounts of $360,000 in 1992 and $350,000 in 1991	679,132	503,831
Prepaid expenses	9,876	23,917
Total current assets	1,265,601	1,138,002
Property and equipment, net of accumulated depreciation and amortization of $580,057 in 1992 and $444,559 in 1991	459,395	408,393
Other assets:		
Deposits	34,181	14,609
Deferred expenses	26,995	-
	61,176	14,609
Total Assets	$1,786,172	$1,561,004

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued expenses	731,094	511,416
Other current liabilities	81,807	81,575
Total current liabilities	812,901	592,991
Deffered rent payable	105,972	68,290
Total liabilities	918,873	661,281
Commitments and contingency	-	-
Shareholders' equity		
Common Stock $.0001 par value; authorized 30,000,000 shares; issued and outstanding 13,188,710 shares in 1992, 12,869,210 shares in 1991	1,319	1,287
Additional paid-in capital	11,205,204	10,990,721
Accumulated Deficit	(10,138,130)	(9,843,027)
Less unearned compensation	(201,094)	(249,258)
Total shareholders' equity	867,299	899,723
Total liabilities and shareholders' equity	$ 1,786,172	$ 1,561,004

See notes to condensed consolidated financial statements.

JUDICATE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)

	Three Months Ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)
Fee income	$ 1,429,581	$ 668,188
Operating costs and expenses:		
Cost of Service	286,061	162,860
Sales and Marketing	542,889	198,545
General and administrative	899,667	352,693
	1,728,617	714,098
Loss from operations	(299,036)	(45,910)
Investment income, net	3,933	-
Net loss	($ 295,103)	($ 45,910)
Loss per common share	($ .023)	($ .006)
Weighted average number of common shares outstanding	13,028,960	7,715,139

See notes to condensed consolidated financial statements.

JUDICATE, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991

Increase (Decrease) in Cash and Cash Equivalents

	March 31, 1992 (Unaudited)	March 31, 1991 (Unaudited)
Cash flows from operating activities:		
Net loss	($ 295,103)	($ 45,910)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and Amortization	105,505	47,387
Provision (recoveries) for losses on accounts receivable	10,000	(500)
Amortization of deferred compensation	48,164	-
Change in assets and liabilities:		
Increase in accounts receivable	(185,301)	(179,838)
(Increase) Decrease in prepaid expenses and deposits	(5,531)	22,231
Increase (decrease) in accounts payable, accrued expenses and other liabilities	257,592	(10,987)
Net cash used in operating activities	(64,674)	(167,617)
Cash flows from investing activities:		
Acquisition of property and equipment	(156,507)	-
Net cash used in investing activities	(156,507)	-
Cash flows from financing activities:		
Proceeds from the exercise of warrants and options	214,515	272,333
Increase in deferred offering costs	(26,995)	-
Net cash provided by financing activities	187,520	272,333
Increase (Decrease) in cash and cash equivalents	(33,661)	104,716
Cash and cash equivalents at beginning of period	610,254	144,418
Cash and cash equivalents at end of period	$ 576,593	$ 249,134

See notes to condensed consolidated financial statements.

JUDICATE, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)

Note 1. Basis of Presentation.

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. The condensed consolidated balance sheet as of December 31, 1991 has been derived from the audited consolidated balance sheet at that date. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

Note 2. Financial Statement Presentation.

The Balance Sheets as of March 31, 1992 and December 31, 1991 and the Statements of Operations for the three months ended March 31, 1992 and 1991 are consolidated to include the accounts of AIS. However, the Company ceased providing ADR services through AIS during the third quarter of 1991.

Note 3. Historical and Pro Forma Data.

The following sets forth historical consolidated balance sheet data and pro forma consolidated balance sheet data at March 31, 1992. The pro forma consolidated balance sheet data gives effect to $881,875 raised by the Company during the period from April 1, 1992 through April 30, 1992, through exercises of Series D Warrants to purchase the Company's common stock. All such Series D Warrants were exercised as of April 30, 1992.

ASSETS

	(Unaudited) Historical	(Unaudited) Pro Forma
Current Assets	$1,265,601	$2,147,476
Property and equipment, net	$ 459,395	$ 459,395
Other Assets	$ 61,176	$ 61,176
Total Assets	$1,786,172	$2,668,047

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited) Historical	(Unaudited) Pro Forma
Current Liabilities	$ 812,901	$ 812,901
Other Liabilities	$ 105,972	$ 105,972
Shareholders' Equity	$ 867,299	$1,749,174

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of Operations

The Company provides a broad range of alternative dispute resolution ("ADR") services. The Company's results of operations for the period ended March 31, 1991 include the results of operation for AIS, the Company's wholly owned subsidiary. As of September 30, 1991, the Company determined to cease providing services through AIS.

The Company's fee income was $1,429,581 for the three month period ended March 31, 1992. These results reflect a 114% increase over the comparable year earlier period. The increase in the Company's fee income is primarily due to the continuing acceptance of the Company's ADR services, the increased effectiveness of the Company's sales force and an increase in the Company's administrative and hearing fees. The increased acceptance of Judicate's ADR services was offset by the decrease in the services provided by AIS. Management believes that the sales effort directed to plaintiffs' attorneys introduced during the third quarter of 1991 has contributed to an increased number of hearings. In addition, management believes that a number of programs with the Company's insurance carrier clients, have resulted in the increased level of case filings and an increased number of hearings. Management is optimistic that the increased level of case filings and an increased number of hearings will continue during the remainder of 1992.

The Company's loss from continuing operations for the quarter ended March 31, 1992 was $299,036 compared to $45,910 for the quarter ended March 31, 1991.

The following table sets forth operating costs and expenses as a percentage of fee income for the three month period ending March 31, 1992 and 1991, respectively:

	Three Months Ended March 31,	
	1992	1991
Cost of Service	20%	24%
Sales and Marketing	38%	30%
General and Administrative	63%	53%

The Company's cost of service as a percentage of fee income decreased slightly during the three month period ended March 31, 1992, compared with the same period of the preceding year. The decrease is primarily as a result of an increase in the hearing fees for the Company's ADR services and the increased provision of services that generate greater profit margins to the Company (administrative fees from case filings). The increased case filings during the first three months of 1992 has resulted in an increase in the number of hearings during the first quarter of 1992 and are anticipated to result in an increased

number of hearings during the remainder of 1992. While hearings entail incurring greater costs of service and, therefore, yeild proportionally lower margins than administrative fees from the case filings, hearings do provide significantly greater fee income to the Company.

Judicate's sales and marketing expenses as a percentage of fee income increased during the three months ended March 31, 1992, as compared to the same period of the preceding year. The increase is primarily as a result of the significant growth of the Company's sales force and marketing efforts which commenced during the last six months of 1991. In July 1991, the Company effected a restructuring of its sales operation. The Company focused on the development and training of a telemarketing sales force of ADR consultants, to support and work in conjunction with the Company's regional sales representatives. During the third quarter of 1991 the Company opened a New York sales office staffed with ADR consultants, and commenced staffing its Philadelphia sales office with ADR consultants in the fourth quarter of 1991. In April 1992, the Company opened a Southern California sales office staffed with ADR consultants. While the Company has had to hire several management level individuals in connection with the growth of the sales efforts and the operational support required thereby, the Company believes that the development and training of the ADR consultants has been more cost effective for the Company than the development of regional representatives because the ADR consultants sales efforts generally have resulted in faster realization of revenues than have resulted exclusively from the sales efforts of the regional representatives. Moreover, the ADR consultant's sales efforts require lower overhead expenses to be incurred by the Company than the regional representatives.

Judicate's general and administrative expense as a percentage of revenue increased during the three months ended March 31, 1992 as compared to the same period of the preceding year. The increase reflects the initial expenses associated with the development of the Company's new computer system, the development of an enhanced operating infrastructure to support the Company's expanded sales efforts and non-cash charges of $48,164 resulting from the issuance of stock to certain consultants to the Company and the issuance of warrants to purchase stock to other consultants to the Company at exercise prices less than the market value of the Company's Common Stock on the date of grant. The amortization of the deferred compensation to the consultants will continue through the third quarter of 1993. The remaining increase in general and administrative expenses is principally attributable to the requisite administrative support for the growth of the Company's commissioned telemarketing sales force, as discussed above.

The Company had non-operating income of $3,933 for the three month period ended March 31, 1992.

Liquidity and Capital Resources

As of March 31, 1992, the Company had $576,593 in cash and short term investments, as compared with $610,254 in cash and short term investments as of December 31, 1991. As of March 31, 1992 the Company had working capital of $452,700, as compared with working capital of $545,011 as of December 31, 1991. The Company's decrease in liquid assets is primarily the result of (i) expenses incurred in the development of the Company's New York sales office and the growth of the Company's Philadelphia sales office; and (ii) an increase in accounts receivable, reflecting the Company's increased level of business. This decrease was partially offset by the Company's realization of $214,515 from the exercise of outstanding warrants at various times during the first quarter of 1992.

The Company's capital resources to fund current operations are limited to cash and short term investments. The Company has continued to incur losses, which have adversely affected the Company's liquidity. However, after taking account of the one time charges associated with the restructuring of the Company's operations, by improving the Company's operating results and changing the Company's commission structure (so that payment to commissioned salespeople is deferred until the Company receives payment), the Company believes the drain on its liquidity will be significantly decreased during the remainder of 1992. Nevertheless, the Company's liquidity continues to be adversely affected by the Company's results of operations.

As of March 31, 1992 the Company had outstanding Series D Warrants entitling the holders to purchase an aggregate of 1,411,000 shares of Common Stock at $.625 per share. The Series D Warrants expired on April 30, 1992. On or before April 30, 1992 all of the Series D Warrants were exercised (See Note 3 to Condensed Consolidated Financial Statements). The Company is considering effecting additional financings to improve its liquidity, although there can be no assurances that such financings will be effected. Management believes that additional funds will provide the Company with enhanced flexibility in addressing the growth of the Company's business. The Company intends to increase fee income principally by increasing the volume of sales of its ADR services. In addition, the Company intends to obtain additional working capital through the generation of increased sales, as described above, and by instituting and adhering to more rigorous collection policies to increase the timely payment for services. However, there can be no assurance that such increased fee income or working capital will be obtained.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Not applicable.

Item 2. CHANGES IN SECURITIES

Not applicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

Item 5. OTHER INFORMATION

In April 1992 Michael A. Valenoti resigned as a Director of the Company as a result of time commitments relating to his other business activities.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(b) No reports on Form 8-K were filed during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JUDICATE, INC.

Dated: May 5, 1992

Jay D. Seid
President

Dated: May 5, 1992

Milton M. Adler
Treasurer
(Principal Financial and
Accounting Officer)